

Message Text

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62

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02

DODE-00 PA-03 USIA-12 PRS-01 IO-12 EUR-25 AF-10 RSR-01

INRE-00 /190 W

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P R 102307 Z APR 73

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC PRIORITY 2574

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN JOSE

UNCLAS SAN SALVADOR 1354

E. O. 11652: N/ A

TAGSB EFIN

SUBJECT: FINANCE - 62 ND SESSION OF CENTRAL AMERICAN

MONETARY COUNCIL

(GUATEMALA ALSO FOR ROCAP)

1. THE 62 ND SESSION OF THE CENTRAL AMERICAN MONETARY COUNCIL WAS HELD IN SAN SALVADOR APRIL 6 AND 7. ATTENDING WERE THE DELEGATIONS FROM THE FIVE MEMBER COUNTRIES, EACH LED BY THE CENTRAL BANK PRESIDENT, AND LIC. GUILLERMO BUESO ARIAS, THE IMF EXECUTIVE DIRECTOR FOR CENTRAL AMERICA, MEXICO AND VENEZUELA. SALVADORAN CENTRAL RESERVE BANK (BCR) PRESIDENT, EDGARDO SUAREZ CONTRERAS, GAVE A SPECIAL WELCOME TO THE FOUR- MAN HONDURAN DELEGATION LED BY BANK PRESIDENT ALBERTO GALEANO. THE AGENDA INCLUDED APPROVAL OF THE ACTS OF THE MARCH HP MEETING AT TEGUCIGALPA, REPORTS OF THE RECENT MEETINGS OF THE LDC GROUP OF 24 AND THE IMF' S COMMITTEE OF 20, CONSIDERATION OF A LOAN OF \$5 MILLION FROM THE BANK OF LONDON AND MONTREAL TO THE CA
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STABILIZATION FUND, AND THE ACCEPTANCE BY THE CA CLEARING HOUSE OF DOLLAR SETTLEMENTS FROM COSTA RICA AT THE MARKET RATE. REPORTEDLY, NEITHER COSTA RICA'S STABILIZATION PROGRAM NOR MANAGUA'S RECONSTRUCTION WERE DISCUSSED.

2. TOMAS MEDINA, HEAD OF THE BCR DEPARTMENT OF ECONOMIC INVESTIGATIONS, TOLD EMBOFF THE MEETING WAS 90 PERCENT DEVOTED TO REPORTS FROM THE COUNCIL'S REPRESENTATIVES TO THE GROUP OF 24 AND COMMITTEE OF 20 MEETINGS. GUATEMALA'S CENTRAL BANK PRESIDENT, AUGUSTO CONTRERAS GODOY, REPORTED ON THE FORMER. EDGARDO SUAREZ, THE CA REPRESENTATIVE TO THE COMMITTEE OF 20 MEETING, GAVE A LENGTHY COMMENTARY OF ITS PROCEEDINGS, USING AS HIS REFERENCE THE COMMITTEE'S PUBLIC COMMUNIQUE. HE REITERATED HIS OFT-VOICED VIEW OF THE NEED FOR INTERNATIONAL MONETARY REFORM TO PROCEED WITHIN THE AEGIS OF THE IMF, AND LDC DIS-ENCHANTMENT WITH THE PRESENT ADMINISTRATION OF INTERNATIONAL LIQUIDITY. HE APPLAUDED AS POSITIVE THE COMMITTEE'S STATEMENTS THAT BALANCE OF PAYMENTS PROBLEMS SHOULD NOT BE RESOLVED TO RESORT TO ECONOMIC RESTRICTIONS WHICH LEAD TO COMMERCIAL WAR AND THAT SPECIAL ATTENTION SHOULD BE GIVEN TO THE DEVELOPING COUNTRIES. SUAREZ VOICED MODERATE SATISFACTION WITH THE PACE OF THE COMMITTEE AND SPOKE OF THE NEED OF ANOTHER SESSION BEFORE THE IMF'S NAIROBI IMF MEETING.

3. APPROVAL WAS GIVEN THE LOAN FROM THE BANK OF LONDON AND MONTREAL. CONCERNING COSTA RICA, THE COUNCIL CONSIDERED THE RELATIONSHIP OF ITS USE OF THE CA CLEARING HOUSE WITH THE USUAL REQUIREMENT THAT CLEARANCES BE EFFECTED IN THE CURRENCY OF THE MEMBER COUNTRY. REPORTEDLY, SINCE THE BULK OF COSTA RICA'S INTER-CACM TRADE IS AT THE MARKET (NON-OFFICIAL) RATE, COSTA RICA HAS NOT BEEN USING THE CLEARING HOUSE FACILITIES MUCH. SETTLEMENTS ARE PRIMARILY IN DOLLARS AND THERE IS COSTA RICAN CONCERN OVER CAPITAL FLIGHT. THE COUNCIL DISCUSSED THIS AND APPROVED THE CLEARING HOUSE'S COSTA RICAN SETTLEMENTS IN DOLLARS AT THE MARKET RATE OF EXCHANGE.

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